

48450 144th Street • Big Stone City, SD 57216

March 28, 2007

South Dakota Department of Environment and Natural Resources Water Rights Program Joe Foss Building 523 East Capitol Pierre, SD 57501-3181

Gentlemen:

Subject:

Application for Permit to Appropriate Water

Within the State of South Dakota

Enclosed are two copies of the Application for Permit to Appropriate Water within the State of South Dakota.

The enclosed application reflects the Big Stone II project's recent decision to use groundwater for drought protection purposes in lieu of the 10,070 acre-foot makeup water storage pond. The makeup water storage pond was included in the March 2006 Application for Permit to Appropriate Water and was subsequently approved in Water Appropriations Permit 6678-3.

Consistent with the redesign, the Big Stone II Co-owners are willing to reduce the allowable surface water allocation authorized by Water Appropriations Permit 6678-3 as a condition in a permit authorizing the appropriation of groundwater.

The requisite application fee will be filed under a separate cover letter.

Please contact Terry Graumann at 218-739-8407 or email at tgraumann@otpco.com if you have any questions.

Sincerely,

Mark Rolfes Project Manager

Big Stone II Project

Enclosures